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# Oman's economy: Back on track

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**Abstract:**
*Frenzied stock market activity and the construction of several major industrial projects are two of the most visible signs that **Oman's** economy is back on track after a few perilous years.*

**Full Text:**


**[Headnote]**

Mr. Molavi, a Dubai-based journalist, covered Gulf Cooperation Council economies as a Riyadh-based correspondent with Arab News, a Saudi Arabian daily. He has also written for the Financial Times, the Christian Science Monitor, Asharq Al-Awsat, an Arabic daily, and Middle East Energy, an FT publication. This article is a result of a visit to Oman in late September. The author would like to thank Mr. Salim Al-Mahruqi, information attache at the embassy of Oman in Washington, for his assistance in securing interviews and obtaining financial data.

MUSCAT - With summer temperatures soaring beyond 110 degrees Fahrenheit and .the sweltering Arabian sun pounding the pavement outside, the joke among Omani stock traders on the floor of Muscat's booming, gleaming white marble stock exchange was: "We need to go outside and cool off." After all, the heat generated by the Muscat Securities Market (MSM) in the past year could make even a South Arabian summer seem ice cold. A market that has achieved 123 percent returns in the last year has international investors taking note and Omanis from all walks of life eager to cash in.

"If you had played the entire market across the board in the last two years," says Guy Brennan, an analyst with the Muscatbased AI-Ahlia Portfolio Securities, "you would have made a handsome profit."1 Omanis are catching on, lining the terrace of the Omani bourse in large numbers, craning their necks to read the latest stock quotes.

Added to the proud Omani tradition of the seafaring merchant comes a new class: the cellular-phone-toting stock trader. "When the stock market first began," said Nabhan Al-Nabhany, vice-president of the MSM in an interview, "most people did not even know the basic elements of a stock market. We had to explain to them the difference between government bonds and company stocks."2 Now, Al-Nabhany notes, people can't get enough. A recent visit to the MSM in late September displayed a striking contrast to the sedate, placid environments of other Gulf stock exchanges. There was a palpable sense of excitement as brokers scurried across the marble floors and Omani citizens and expatriates, cell-phones in hand, bought and sold at an alarming rate.

In an attempt to maintain the momentum of active trading, the government has waged a massive campaign to educate its citizens on the benefits to themselves and the nation accrued by investing in equities. High-school textbooks now include a chapter on securities. Regular field trips to the Muscat bourse stimulate dinner-table talk of the market, creating a web of new investors. Oman's rich trading history has been translated into frenzied stock market activity. It is not uncommon to see an Omani buy a share at 2 Omani Rials (OR), sell at 2.5, buy it back at 3, sell again at 3.5 and so on.

For the trader with a shrewd eye, the stock market has proved to be a gold mine. Perhaps if the famous Omani sailor Sinbad were alive today, he would be discovering shares rather than seas. That's where the real treasure lies.

The stock market is the most visible aspect of Oman's recent economic turnaround. In wide-ranging interviews with bankers, government officials, stock brokers and private sector managers in London, New York and Oman, the consensus seems to be that Oman is the "best-kept secret in the Gulf," as one banker put it.

With the construction of several new major industrial projects, large natural gas reserves, a booming stock market, a dramatic opening to foreign investors, and a leadership committed to private-sectorled development, Oman's economy seems back on track after a few perilous years culminating in a sharply critical 1993 World Bank report and a high-level economic crisis.

Only four years ago, international financial institutions such as the World Bank and the International Monetary Fund justifiably raised the red flag on Oman, noting that the Sultanate's chronic inability to lower its deficit coupled with continued high spending and public-sector domination of the economy was leading Oman down a perilous path. Like most of its Gulf neighbors, Oman's economic position deteriorated in the late 1980s, owing to chronic government deficits and an inability to rein in public spending.

Oman, in particular, consistently posted one of the highest military-spending/GDP ratios in the world: 17 percent of GDP from 1972 to 1988.3 Of course, the military provides an important social function as a job creator, but even so, the level of spending was excessive for a nation not blessed with vast resources.

Government debt reached $2.1 billion in 1989 and was being financed by withdrawals from the State General Reserve Fund. Oman, unlike its immensely oil-rich neighbors, could not absorb heavy losses in the name of social security. By 1991, Oman's net financial reserves stood at $382 million, compared to $1.85 billion ten years earlier.4 Oman's deficit-to-GDP ratio was untenably high, and it was in danger of falling into the insidious developing-nation debt trap. There were also grumblings about a political/economic oligarchy dominating the economic scene, with government ministers creating policy in the morning and cutting deals in the afternoon.

Indeed, Oman's "economic crisis" became so acute that in 1994 it spawned the most significant high-level opposition to date the genuinely popular Omani sultan. It should be noted that the dissidents were mostly senior officials and members of the Omani elite. This was not a popular protest against Sultan Qaboos, though some Islamist groups have tried to claim otherwise. These men were more concerned with money than mosques, with shares rather than sharia. A sound economic policy with greater government transparency was their main goal. So far, they are getting sound economic policy, though government transparency is still minimal.

To celebrate the twenty-fifth anniversary of his rule, Sultan Qaboos bin Said, certainly the most farsighted Gulf ruler, convened a conference in 1995 entitled Vision 20/20 in which he stressed the need for economic reform and gathered world experts to advise Oman. Since then, as Aubyn Hill, general manager of the National Bank of Oman (NBO) notes, "International investor confidence has increased in Oman and the macroeconomic indicators have improved."5

Oman's five-year economic plan for 1996-2000 spells out its goals: "achieving a balance between government revenue and expenditure" while creating "a stable macroeconomic framework aimed at the development of the private sector" and, most important, developing "human resources, and upgrading Omani skills and competencies to keep abreast of technological progress." Specifically, the plan calls for an annual GDP growth rate of 4.6 percent at current prices, an increase in the GDP share of non-oil sectors to 69 percent by the end of the year 2000, an annual inflation rate not exceeding 1 percent, and a minimum of 880,000 barrels per day of oil production.6

The government has, for the most part, abided by its pledge to reduce spending, although a slew of massive industrial projects in the pipeline may result in future high deficits. Still, deficits in the name of infrastructure development can be justified. Figures for the first five months of 1997 show a miniscule deficit of $5.2 million. Total spending has been reduced by 4.5 percent for the first five months of 1997. Spending in 1996, however, exceeded target rates, resulting in a deficit of OR263.5 million rather than the OR218 million that the five-year plan predicts but still a highly manageable one. As a result, 1997 budget-deficit target figures have been revised to OR263 million, much larger than the originally targeted OR147.7

But Omani officials maintain that they are committed to a zero deficit by the year 2000. "The most important thing is the trend," former Development Minister Mohammad bin Moosa al-Youssef told Middle East Economic Digest, "and the trend is toward achieving a balanced budget."8 The 1996 deficit improved upon the OR479 million deficit recorded for 1995, affirming al-Youssef's argument.9 Most significantly, government figures show that defense spending has been dramatically reduced as a percentage of total expenditure, noting a fall from 30 percent to 11 percent. By taking on such sacred cows, Oman's leaders have displayed their seriousness in tackling major structural issues.

Oman's GDP growth rate at current prices has far exceeded the 4.6 percent target of its five-year plan, posting 6.8 percent growth in 1995, 11 percent in 1996 and an estimated 9 percent in 1997.10 Oman's 1996 nominal GDP stood at $13.2 billion.11 Oman has been pumping 900,000 barrels per day in 1997 and has offered four new exploration contracts.12

Hamoud Sangoor Al-Zadjali, the executive president of the Central Bank of Oman, is a staunch inflation hawk. Indeed, some bankers quip that Al-Zadjali questions Alan Greenspan's anti-inflation credentials. The inflation rate in Oman is one of the lowest in the world. Al-Zadjali, however, worries about the trend toward falling savings. The rate of savings as a percentage of GDP was 35.2 percent in 1990 but dropped to 23 percent for 1990.13

A new housing bank, established as an Omani joint stock company, affords many Omanis the opportunity to use their savings to become homeowners. This bank will provide a critical social function as young Omanis will be forced to move from their home towns and their family compounds in search of work opportunities.

Indeed, it was the housing bank that began the flood of highly oversubscribed initial public offerings on Muscat's bourse. Backed by the reputation of one of Oman's most prominent businessmen, Mohammad Habeeb, shares for the Alliance Housing Bank were 800 times oversubscribed. Since then, Oman's bourse has been on a dizzying run.

Of course, with bullish success come bearish predictions. "The market is highly leveraged and overheated," said one local analyst who asked not to be named. "There will be a correction soon," he added. Talk of a correction has been swirling around Omani government and financial circles for the past three months. However, one could argue that the correction is taking place now without much pain to the market. The good companies are still priced as high as they should be, the bad companies are dropping, and the middle companies are slightly overvalued, but there is no danger of an imminent crash, according to most analysts.

Indeed, local traders are bullish. In the opinion of S. Kumar, an Indian expatriate, one of a growing class of traders with wide experience in Bombay stocks who have made a small fortune in Oman, "The future remains bright. Omanis are more sophisticated now, but if you know the market, you can make good money."

"If you look at the record so far, you will see that money keeps flowing in despite predictions of a correction," said Nabhan Al-Nabhany. "I don't think there will be a correction," Aubyn Hill said. Hill points to flat real-estate prices, low inflation, low interest rates and his "firm belief in the strength of the economy" as the key factors in maintaining a strong stock market run.

Asia's storms barely caused a ripple in Oman's stock market, and the recent creditworthy ratings granted to the Sultanate by Standard and Poor's and Moody's have added to the economic confidence.

"The fundamentals are good in Oman. The economy looks buoyant in the near to medium term," Hill said. The Jamaican-born Hill, a Harvard-educated, straight-talking banker, has witnessed and participated actively in Oman's economic revival. When he arrived, at NBO in 1989, the stock market was in its infant stages, and NBO shares were trading at ORI. Today, they are the most sought-after shares in the market, trading at OR10.5.

Of course, the market is no longer teeming with bargains, as it was last year, but a close look would show that there are still bargains to be had. More important, Oman needs sophisticated capital markets to assist it in the next step of economic development: a move toward greater private-sector involvement in the economy and less reliance on Oman's dwindling oil reserves.

"Three major issues represent the roots of most of the current economic challenges in the Gulf region," explained Dr. Mohammad Sabah AI-Salim Al-Sabah, Kuwait's ambassador to the United States in a lecture at the 1997 U.S.-Middle East Policymakers' Conference in Lexington, Virginia: "The overwhelming and disproportionate reliance on oil revenues, ... the preponderance of the government sector in economic activities, ... and a young and rapidly growing population with decreasing or stagnant oil revenues." Oman, to varying degrees, must confront all three of these challenges.

Oman's privatization program is one of the most advanced in the Gulf region. The two main forms of privatization utilized so far are the sale of government companies and shares as well as the establishment of service projects in the spheres of electricity, water and sewage. Oman's Manah power project is a regional pacesetter. The BuildOwn-Operate-Transfer (BOOT) $210 million Manah power-generation and desalination plant was the first civil infrastructure BOOT project in the Middle East. Significantly, the Oman Privatization Law of 1996 was based on the Manah experience and reflects Oman's commitment to privatization, a marked contrast to the weak steps taken by its Gulf neighbors in this field. Additionally, Minister of Posts and Telecommunications Ahmed bin Suwaidan al-Balushi announced on December 20 that the muchanticipated study on the privatization of Oman's telecommunications industry will soon be presented to the cabinet for approval, another step that should be hailed by privatization advocates.

Several industrial projects that are in the pipeline should fuel Oman's diversification plans, though the $6-billion natural-gas project still remains the centerpiece of Oman's economic diversification away from oil. Oman's estimated gas reserves are 25 trillion cubic feet, of which II trillion are proven. Exploration continues, prompting some observers to predict 40 trillion cubic feet of reserves when all is said and done.In The proven reserves are located in three central Omani fields: Saih Rawl, Barik and Saih Nihayda. These three fields will produce the gas that will be transported 360 km to a liquefaction plant in Al Ghalilah, a natural harbor on the northeast coast of Oman.

Eight private companies, led by Shell, joined with the Sultanate to found Oman LNG (liquid natural gas) in 1993: Shell (30 percent), Total (5.54 percent), Partex (2 percent), Mitsubishi (2.77 percent), Mitsui (2.77 percent), Itochu (.92 percent) and KoGas (5 percent). The main sales and purchase agreement with Korea Gas Corporation was signed in October 1996 to supply 4.1 million tonnes (metric tons) per year for 25 years to begin in the year 2000. Omani officials say they expect the LNG project to be able to supply 1 Om tonnes per year by 2005, raising oil and gas revenues by 17 percent.15 Currently, gas accounts for less than 1 percent of GDP.16

Seven banks were selected by Oman LNG in April 1996 to coordinate the project financing. Led by NatWest Markets and ABN Amro, the group also includes Citibank, Banque IndoSuez, Gulf International Bank, Bank of TokyoMitsubishi, and Korea Exchange Bank. International credit agencies such as Eximbank are also involved. In an effort to restructure the debt, Oman plans to issue a $500-million LNG bond. Local and international banks are confident that the issue will be met with heavy investor interest, particularly in the wake of Oman's successful $225 million Eurobond issue. However, the recent downgrading of Qatar's similar Ras Laffan LNG bond from Baa2 to Baal by Moody's Investment Service owing to South Korea's economic crisis should cause some concern in Oman. After all, the stated reason for the "negative" rating was that Korea Gas Corporation (85 percent governmentowned) is scheduled to be the major purchaser of Ras Laffan's output. Who is the major purchaser of Oman's future LNG? Korea Gas. Still, project financers are not worried, sources say, noting that the first gas will not be purchased until the year 2000. This will give Korea plenty of time to recover; besides, LNG projects will not be cut anyway, due to their importance to South Korea.

Financers of the $6-billion program estimated that Oman needs to sell 6.6 million tonnes per year to maintain project feasibility. In August 1996, Thailand signed a memorandum of understanding to purchase 2.2 million tonnes of LNG a year from Oman for 25 years. Since then, Thailand has weathered a currency crisis and an economic slowdown, and the Oman-Thailand deal has soured. Much has been made of the seeming collapse of the Thai deal in the Middle East trade press. But the fact remains that demand for LNG is extensive around the world, and Oman should have little trouble replacing Thailand. Last September, a delegation from the Indian state of Gujarat discussed the prospect of Omani LNG purchases, exceeding 2.5 million tonnes per year with officials in Muscat and a Japanese firm, Osaka Gas, agreed in October to purchase 660,000 tonnes per year for 25 years starting in 2000. Japan is currently the largest purchaser of Omani crude, and the Japanese thirst for LNG is likely to increase.

Shell Oil, the Anglo-Dutch giant, has recently expressed interest in purchasing up to 2.5 million tonnes per year of natural gas for its power projects in India. The potential Indian purchase, financers of the project say, should quell concerns about financial feasibility. Omani officials and gas-industry analysts, however, note that there was never any worry about project feasibility. "There are many natural-gas buyers," Khalifa al-Hinai, director-general of Gas Industries in Oman's Ministry of Petroleum and Minerals, said in an interview.17

The key issue will be timing. Oman must secure another major buyer before the Qatar gas behemoth goes onstream. Qatar is estimated to possess more than ten times the amount of natural gas of Oman and has already begun its first shipments to Europe. "China will be a major buyer soon, though we don't know from which sources," AlHinai said, adding, "and India could become Oman's major buyer in the future".18 China increased its purchases of Omani crude by 128 percent in the first five months of 1997, and Chinese investors are working with Oman on a $2.4-billion aluminum-smelting project that will take advantage of Oman's natural gas reserves.

Al-Hinai also said that Oman plans to build a second oil refinery in Salalah, 1000 km southwest of Muscat, that would crack residue from Oman's existing refinery in the north for both local and export demand. The refinery's capacity would be 50,000 barrels per day.

Meanwhile, also in Salalah, construction has begun on one of Oman's most ambitious infrastructure projects, a large-berth shipping port that could challenge Dubai's supremacy as a transshipment center. The port should be fully completed by the year 2001 and partially completed and ready for operation by March 1998. Two shipping powerhouses, Sea-Land Services (USA) and Maersk (Netherlands), will operate the port, prompting observers to note that the Salalah port could chip away a significant amount of Dubai's market share. Some shipping observers are saying that the Salalah port has the potential to become "the Rotterdam of the East."19 "Some shipping traffic will be moved to Salalah from Dubai," said Jack Helton, general manager of Sea-Land in Oman, "but Dubai will, of course, remain a prominent shipping center."20 The main loss to Dubai will be large-tanker traffic from Europe which would be able to drop off cargo in Salalah onto smaller vessels for ports in Jeddah and Dubai and then continue to Asia without entering the crowded Persian Gulf.

In early December, the highly-regarded minister of national economy, Ahmad bin Abdul-Nabi Mekki, signed a $77.5-million loan plan - arranged by Societe Generale, Bank Muscat Al-Ahli AI-Omani and Bank Dhofar Al-Omani Al-Fransi - for equipment purchases. This "represents the final step in organizing the anticipated capital requirements of Salalah Port Services (SPS) through its first year of operation," an SPS statement noted.

Oman also plans to build a free-trade zone in the area surrounding the port. New projects such as an aluminum smelting plant, a petrochemicals project, and a polyoefelins complex will take advantage of Oman's natural-gas reserves and the new Salalah port for export. All of these projects are led by the private sector, Omani officials note proudly.

Finally, Oman has linked its economy with the dynamic Indian Ocean rim nations, leading to the formation of a new trade grouping that will link the economies of Indonesia, South Africa, Malaysia, Sri Lanka, Yemen and Australia with Oman and several other Indian Ocean states. The group is known as the Indian Ocean Rim Association (IORA).

Oman seeks to position itself as a link between the Indian Ocean states and the Gulf Cooperation Council (GCC) states. "We need to reap the untapped potential of trade in the Indian Ocean region," said Sayyid Haitham, secretary general at the Ministry of Foreign Affairs and a member of the royal family, in an interview. Oman, with 1700 miles of coastline is well-placed to serve as a link between this region and the oil-rich Persian Gulf, he added. Haitham's active involvement in the formation of the grouping - the latest trade bloc on the horizon -- reflects the high-level interest in the IORA. The new grouping is certain to increase regional trade flow.

The GCC states are often criticized for their anemic intraregional trade, which has hampered foreign direct investment. After all, a foreign investor interested in light export industries would be reluctant to set up in the Gulf, given the low level of intraregional trade. Oman's Indian Ocean Rim initiative should attract foreign investors hoping to set up export-oriented industries in Oman. The Salalah port will provide much-needed transport muscle to this regional trade grouping.

Additionally, Omani officials are confident that their application for membership in the World Trade Organization will be accepted in 1998. They hope WTO membership will spur entrepreneurial activity in export industries and improvements in the balance of trade. If Oman's venture into petrochemicals is successful, it will benefit from the customs reductions that come with WTO membership. As a developing nation, Oman would be exempt from the provisions prohibiting support to local agriculture producers, a critical factor in gaining farmers' support for the WTO.

In November 1997, Oman's economic turnaround was the talk of the town at an international economic conference convened in Muscat. A strong turnout of international financial luminaries gathered in a plush setting where talk of interest rates and privatization peppered hotellobby chatter. Gloomy comments on Gulf nations' poor economic planning were often accompanied by the "except Oman" mantra.

Indeed, even Oman's critics at the World Bank have acknowledged the turnaround. John Page, chief Middle East economist at the World Bank, is impressed with Oman's vision, saying at a 1995 Middle East Policy Council conference that Oman possesses the most important element in economic policy making - "a wealth of ideas." Page also noted that Oman is one of the few nations to graduate from the World Bank, noting that "we worked ourselves out of a job."21

Of course, strong oil prices in the past two years have been a critical factor in Oman's revitalization. A consistent $19plus price of oil has cushioned most of the blows that analysts predicted would slam Gulf economies. But, more important, Oman is taking the difficult steps necessary to put itself on a path of solid growth by tackling structural problems.

Sultan Qaboos should be given appropriate credit. He assumed the throne at the age of 29 facing a massively illiterate population, a per capita income of less than $100, six miles of paved road, three schools, an infant mortality rate to rival sub-Saharan Africa's, two hospitals, and no electricity grids save for one linking a few homes in the capital. At the brink of the twenty-first century, his country enjoys state-of-the-art health-care facilities, impressive infrastructure, a nationwide network of schools and a world-class university - and the sultan has maintained genuine popularity among his subjects. When Qaboos ascended the throne, Oman's GNP was approximately $15 million; today it approaches $15 billion.

Such a record is far from the norm, as leaders of other far more resource-rich countries have demonstrated - the Pahlavis, Muammar Qadhafi and Saddam Hussein being only the most egregious examples.

The main stumbling block to Oman's future growth will be the significant challenge of employing thousands of young Omanis currently needing work and the tens of thousands entering the job market every year. Despite Oman's aggressive Omanization program, unemployment is a challenge government officials worry about as no other. It is a formidable obstacle to growth. With a population of 1.6 million and an estimated 500,000 students expected to enter the job market in the next five years, Oman faces the Herculean task of satisfying these hordes of job-seekers in a time when government ministries are cutting staff and the private sector is resistant to hiring the more expensive, less well-trained Omanis.

A familiar Gulf duel is taking place in Oman now between the private sector and the government, with such official luminaries as Sayyid Haitham saying that "the private sector should do more to employ Omanis," and private-sector employers publicly grumbling about Omani workers' inability to compete in the global marketplace.

Exacerbating the conflict is a perception among many businessmen that Omani government ministers are still too personally involved in private commerce. In reality, an elite group of families dominates the private sector, and it has traditionally been from this same elite pool that government ministers were chosen. They were the only ones who possessed the proper education. As a new generation of well-educated Omanis moves up in the ranks, clearer lines will be drawn between private commerce and public business. Indeed, the recent cabinet shake-up by Sultan Qaboos, folding the Ministry of Development into the Ministry of National Economy and replacing two long-serving ministers, Oil Minister Said bin Ahmed alShanfari and Development Minister Mohammad bin Moussa al-Youssef, signals his willingness to see fresh faces and new ideas from key advisers. Mr. alYoussef's departure was applauded by some of the same critics who viewed negatively the private business activities of senior government officials. Besides, as it stands now, Omani officials are significantly less prone to use their positions for personal gain than are the leaders in other GCC and Arab countries. A corruption index for Arab states would certainly put Oman at or near the bottom of the list. The government is also taking pains to protect small business and the small investor with an array of incentive programs.

Still, widespread unemployment looms. "There are now 600,000 jobs held by expatriates," Sayyid Haitham said. "Can't we take just 100,000 of these for Omanis?" Haitham was quick to note, however, that young Omanis must change their attitudes and be willing to take on jobs that are not "traditionally Omani jobs," in other words, cushy government positions. Figures for 1996 indicate that only one in ten Omanis works in the private sector. Recent ambitious development plans have also led to a rising rate of skilled and unskilled expatriate employment in the past three years.

Right now, Omanis are not prepared to take over a significant number of the skilled expatriate jobs in the labor force. What will happen if Omanis take on jobs traditionally held by unskilled guest workers from Asia? First of all, wages will rise because Omanis simply will not accept the low salaries currently offered to unskilled guest workers. This could lead to an inflationary spiral that would hamper growth and stifle development.

Oman's stated aim of opening the country further to tourism could create much-needed jobs in that sector, but it will not be enough. Omani officials are playing hardball with the private sector, creating a quota system of Omanization that is the most stringent in the Gulf. The specific sector breakdowns are as follows: transport, storage, communications: 60 percent; finance, insurance, property: 45 percent; industry: 35 percent; hotels and restaurants: 30 percent; wholesale and retail: 20 percent; contracting: 15 percent.

There is concern that the Omani private sector may lose productivity in the name of employing less-skilled nationals, but Omani officials are willing to concede that point, given the severity of the situation.

The Majlis has been a frequent forum for debates on human-resource development, and members say that the Majlis intends to remain a key player in this important debate. "The jobs issue is probably our most pressing one," said Shukoor al-Ghamary, "and we will actively seek solutions to this." Ms. Al-Ghamary, one of two female members of the Majlis Ash-Shura, Oman's Consultative Council, joins a growing number of Omani women who hold senior government positions. More important for Oman's economy, women are offered abundant work opportunities and have proven to be a productive element of the Muscat labor force, whether managing businesses or flipping burgers at the Muscat McDonald's.

Young Omanis eager to learn, both male and female, are lining up for new government-sponsored training programs, but they are gradually realizing that a government job is no longer their guaranteed right. Exacerbating the problem is Oman's 3.5-percent population growth, among the highest in the world. A recent comment by a Ministry of Information driver in his mid-forties encapsulates the problem: "My sons [seven of them] will have trouble finding work," he explained. But he has a solution: "I want to open my own tourism agency. I will make more money in the private sector, and I can give jobs to my sons and friends." This is precisely the entrepeneurial attitude Omanis will have to take to achieve the economic benefits that are coming within their reach.

**[Footnote]**

1Interview with Guy Brennan, September 21, 1997, Muscat, Oman. 2Interview with Nabhan AI-Nabhany, Muscat Securities Market, September 23, 1997. 3Middle East Economic Survey, November 28, 1994, 38:9. 4Ibid.

**[Footnote]**

5Interview with Aubyn Hill, September 21, 1997, Muscat, Oman. 6Basic Components and Main Indicators of the Fifth Five-Year Plan (1996-2000), Ministry of Development, Sultanate of Oman, January 1996. 7Economist Intelligence Unit, Country Report, Oman, 3rd Quarter, 1997. 8Middle East Economic Digest, November 14, 1997. 9Official figures. 10MEED. 11Middle East Monitor, November 1997. 12AI-Markazi, January-February 1997, Central bank of Oman Publication. Ibid.

**[Footnote]**

14"Economic Projects in the Sultanate of Oman," (briefing paper), Embassy of the Sultanate of Oman, Information Attaches Washington, D.C. 15Ibid.

**[Footnote]**

16 MEED. 17 Interview with Khalifa al-Hinai, ministry of petroleum and Minerals, Muscat, Oman, September 23,1997. 18 Ibid.

**[Footnote]**

19Mark Seiway, "Laying Out a Welcome Mat," The Banker, August 1997. 20Telephone Interview with Jack Helton, September 24, 1997. 21See Proceedings, Middle East Policy, Vol. IV, No. 3, March 1996.

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